

CANCELING VARIABLE PARTICIPATION

Wis. Stat. § 40.04 (7) and Wis. Adm. Code ETF 10.30

GENERAL INFORMATION ABOUT CANCELING PARTICIPATION IN THE VARIABLE TRUST FUND

Individuals who have a variable fund account and/or annuity may cancel their participation in the variable fund. Once a variable cancellation becomes effective, new contributions will be deposited in the fixed trust fund only, and based on the cancellation option that you elect, your variable Wisconsin Retirement System, (WRS) account(s) and/or annuity(ies) will be transferred to the fixed trust fund. A variable cancellation becomes effective on December 31 of the year in which it is received by the Department, after fixed and variable interest is credited to your account for the year in which it was received. You will always receive the variable interest rate on your current variable balance for the year in which the Department receives your variable cancellation form.

You will receive a written acknowledgment of your variable cancellation form after the Department has received and reviewed your cancellation form.

Once you have canceled participation in the variable trust fund, you cannot re-elect to participate in the variable trust fund at a later date. *Exception: If you completely close your WRS account by taking a lump sum benefit, and subsequently return to covered employment with a WRS employer, you can elect to participate in the variable fund for your new WRS account.*

OPTIONS FOR CANCELING VARIABLE PARTICIPATION FOR YOUR WRS ACCOUNT (non-annuitants)

If you have a WRS variable account and you are not receiving a benefit from this account, you may select one of the following options for canceling variable participation:

- **Cancel future contributions only.** If you cancel participation in the variable trust fund for future contributions only, your current variable contribution balances remain invested in the variable trust fund. However, once your “future contributions only” variable cancellation has become effective, all new contributions received after the variable cancellation effective date will be deposited in the fixed trust fund.
- **Conditional variable cancellation.** A conditional cancellation means that you elected to have all new contributions made after your cancellation effective date deposited in the fixed trust fund. However, your existing variable contribution balances remain invested in the variable trust fund until your variable account balance equals or exceeds the amount that would be in your account if you had never participated in the variable fund. In other words, your account must be “even” or “ahead” due to your variable participation. Your variable account balance will not be transferred to the fixed fund while your account balance is lower than it would be if you had never participated in the variable fund.

The first possible date for your variable balance to transfer to the fixed fund is January 1 after the year in which the Department receives your conditional variable cancellation, after variable interest for that year is credited to your variable account. If the “condition” to transfer is not met (because your account is “behind”), your account would be reviewed again each year to determine whether the condition for transfer has been met, and would only be transferred at that time. Your variable contribution balances may remain in the variable fund for several years if the condition is not met. However, you may file an unconditional variable cancellation at any time while your conditional cancellation is pending. If the condition to transfer has not been met before you begin a retirement annuity, your conditional cancellation will apply to your annuity. You may refer to the conditional variable cancellation provisions for annuitants for more information about how your conditional cancellation would apply to your annuity.

- **Unconditional variable cancellation.** An unconditional cancellation means that once your cancellation becomes effective all new contributions will be deposited in the fixed trust fund, and your current variable contribution balances will be transferred to the fixed trust fund after variable interest is credited to your variable balance for the year in which the Department receives your variable cancellation. The transfer to the fixed trust fund will occur regardless of whether your variable account equals or exceeds the amount that would be in your account if you had never participated in the variable fund.

Residual Variable Excess or Deficiency. Once your variable account balance has transferred to the fixed trust fund, you will have a residual variable excess or deficiency.* This is the amount that your account is “ahead” (variable excess) or “behind” (variable deficiency) because of your participation in the variable fund. ***Your residual variable excess or deficiency will be credited with fixed effective rate interest each year. Therefore, the amount of your excess or deficiency will normally grow each year after your variable funds are transferred to the fixed fund.*** The net effect

of your variable gains or losses (including the interest credited to the excess/deficiency) will be reflected in the calculation of the benefits paid from your account.

**Note: If you file a conditional variable cancellation, you could never have a residual variable deficiency because your variable funds would only be transferred to the fixed fund if you are "even" or "ahead."*

Remaining in the variable trust fund with an active or inactive account. If you are not receiving a benefit from your account, and you do not file a variable cancellation form, your variable contributions will remain invested in the variable trust fund. 50% of any future contributions to your WRS account will be deposited in the variable fund. If you later decide to cancel your variable fund participation, you can file a cancellation form at any time.

CANCELING VARIABLE PARTICIPATION FOR ANNUITANTS (persons receiving monthly payments)

If you are receiving a monthly WRS variable annuity, you may select one of the following options:

- **Cancel for future contributions only.** This variable cancellation would have no effect on your variable annuity. The variable portion of your annuity would continue to be paid from the variable trust fund, and would continue to receive annual increases or decreases based on variable fund investments. If you cancel participation in the variable trust fund "for future contributions only," once your variable cancellation has become effective, any *new* contributions to your WRS account after your variable cancellation effective date will be deposited in the fixed trust fund. You can only make new contributions if you return to work for a WRS covered employer.
- **Conditional variable cancellation.** A conditional cancellation means that you wish to have the variable portion of your annuity transferred to the fixed fund only when your annuity equals or exceeds the amount that would be payable if you had never participated in the variable trust fund. Your annuity will receive the variable increase or decrease based on the variable fund investment results for the year in which the Department receives your variable cancellation. Once that variable increase or decrease is applied, your annuity is compared to the amount that would then be payable if you had never participated in the variable fund. In other words, your annuity must be "even" or "ahead" due to your variable participation. Your variable annuity will not be transferred to the fixed fund if your annuity is "behind" due to variable participation.

If the "condition" to transfer is not met, your annuity would be reviewed again each year to determine whether the condition for transfer has been met. Once the "condition" to transfer is met your annuity would be transferred to the fixed fund. Your entire annuity would then receive fixed annuity adjustments every year thereafter. A conditional cancellation also means that you elect to have any new contributions to your WRS account deposited in the fixed trust fund after your cancellation becomes effective. At any time before the condition for transfer is met you may file an unconditional variable cancellation, which would take effect on December 31 of the year in which the Department receives your completed cancellation form.

If you have a variable annuity and a variable account from which no annuity is being paid, and you file a conditional variable cancellation, your account and annuity will be evaluated separately to determine whether the condition is met for each to be transferred to the fixed trust fund. Consequently, your variable annuity and variable account balance could be transferred to the fixed fund in different years, depending on when each one meets the transfer condition. (See multiple accounts below.)

Unconditional variable cancellation. An unconditional cancellation means that you wish to have the variable portion of your annuity transferred to the fixed fund regardless of whether your annuity equals or exceeds the amount that would be payable if you had never participated in the variable trust fund. Your annuity will receive the variable increase or decrease based on the variable fund investment results for the year in which the Department receives your completed variable cancellation form. Once that variable increase or decrease is applied, your annuity will be transferred to the fixed, and your entire annuity will receive fixed annuity adjustments every year thereafter. An unconditional cancellation also means that you elect to have any new contributions to your WRS account deposited in the fixed trust fund after your cancellation becomes effective.

Minimum guaranteed annuity amount after your variable annuity is transferred to the fixed trust fund. The fixed portion of your annuity is guaranteed never to go below the original amount of the fixed portion of your annuity, even if there are negative fixed adjustments that reduce your fixed annuity payments. However, there is no minimum threshold below which a variable annuity can be reduced. Variable annuities can continue to be reduced below the original variable annuity amount indefinitely if variable fund investment losses would continue.

If your variable annuity is transferred to the fixed fund, the amount of your variable annuity at the time of the transfer is added to the finalized original amount of your fixed annuity. The total of these two amounts becomes your new total minimum fixed annuity threshold, below which your fixed annuity can never be reduced.

Remaining in the variable fund as an annuitant. If you do not file a variable cancellation form, the variable portion of your variable annuity will continue to be paid from the variable trust fund, and will continue to receive annual increases or decreases based on variable fund investments. If you later decide to cancel your variable fund participation, you can file a cancellation form at any time.

EFFECTIVE DATE OF VARIABLE CANCELLATIONS

A variable cancellation becomes effective on the December 31 of the year in which it is received by the Department. If you have a variable account from which no benefit is being paid, variable interest will be credited to your variable account at the end of the year in which the Department receives your completed variable cancellation form. All new contributions to your account after that year will be deposited in the fixed trust fund. Whether or not your existing variable balance is transferred to the fixed fund on the January 1 after the variable cancellation effective date will depend on the type of variable cancellation you selected (future contributions only, conditional or unconditional).

If you are receiving a variable monthly annuity, the variable portion of your annuity will receive the annual variable increase or decrease that is distributed during the year after the year in which the Department receives your completed variable cancellation form. Whether your variable annuity is transferred to the fixed fund after that, adjustments will depend on the type of variable cancellation you elected (conditional or unconditional).

A variable cancellation received on the first working day of a calendar year is deemed to have been received in the year that has just ended. Therefore, if the Department receives a variable cancellation on the first day of the year in which state offices are open for business, the variable cancellation effective date is determined as though it was received during the previous year.

VOIDING A VARIABLE ELECTION

If you submitted an election to participate in the variable trust fund, but have since decided that you do not want to participate in the variable fund at this time, you may be eligible to void your election to participate in the variable fund by submitting this form to the Department. When a variable election is voided, you are eligible to re-elect participation in the variable trust fund at a later date.

Your election to participate in the variable will be considered null and void if we receive your completed *Cancelling Variable Participation* form by one of the two following deadlines:

- Before your election to participate in the variable fund would otherwise become effective (normally the January 1 after it is received by the Department), OR
- You are a new WRS participant, and we receive your completed variable cancellation form within 30 days after the date on which you became covered under the WRS.

However, if your completed *Cancelling Variable Participation* form is received after your election to participate in the variable fund has already become effective, or received more than 30 days after your WRS coverage begins if you are a new WRS participant, it will be treated as a variable cancellation rather than voiding your variable election. This means you are not eligible to elect to participate in the variable trust fund again at a later date unless you completely close your WRS account by taking a lump sum benefit, and subsequently return to covered employment with a WRS employer. You will receive a written acknowledgement explaining the effect of your variable cancellation form.

MULTIPLE ACCOUNTS

An individual may have separate accounts and/or annuities as a participant, alternate payee, joint survivor and/or beneficiary. If you have multiple accounts you may specify that a variable cancellation applies only to a specific account. However, a cancellation must be applied to all portions of the account(s) or annuity(ies) which it governs.

Example: You have separate variable accounts as a participant and as an alternate payee. You may specify that your variable cancellation applies only to one of those accounts. However, it would apply to all portions of that account. (e.g. If your participant account includes both required and additional contributions, the variable cancellation will be applied to both the required and additional contributions.)

If you have multiple variable accounts and/or annuities, and do not specify that your variable cancellation should be applied only to a specific account, it will be applied to all of your variable accounts and/or annuities. If you wish to specify that your variable cancellation applies only to a specific account (which would include all portions of that account), you may contact the Department for special instructions or indicate in the "MULTIPLE ACCOUNTS" section of the cancellation form the account or annuity to which it should apply.

INCOMPLETE VARIABLE CANCELLATION FORMS

It is important that you complete all of the information requested on the variable cancellation form. If your signature, birthdate and/or Social Security number are missing, the Department will return your form to you for correction. If the Department receives your corrected variable cancellation form within 30 calendar days after the date on which the Department returned the form to you, the original receipt date of your incomplete cancellation form will be used to determine the effective date of your variable cancellation. If the Department does not receive your corrected variable cancellation form within 30 days after the date on which the form was returned to you, the effective date of your variable cancellation will be based on the date on which the Department receives either the corrected form or a new completed form. If the Department does not receive a correctly completed variable cancellation form, your participation in the variable trust fund will not be canceled.

If the Department receives a variable cancellation form that has been completed correctly, except that you did not select a type of cancellation (future contributions only, conditional or unconditional), the Department will return your form to you for this information. If the Department receives your corrected variable cancellation form within 30 calendar days after the date on which we returned the form to you, the Department will use the original receipt date of your incomplete cancellation form to determine the effective date of your variable cancellation. However, if the Department does not receive your corrected variable cancellation form within 30 days after the date on which the form was returned to you, **your variable cancellation will be treated as an election to cancel your variable participation unconditionally.**

MULTIPLE VARIABLE CANCELLATION FORMS

If the Department receives more than one variable cancellation form from you during a single calendar year, and you have specified different cancellation options (future contributions only, conditional or unconditional) on the separate forms, the last variable cancellation form received by the Department during that year will be honored.

RESCINDING A VARIABLE CANCELLATION FORM

If you file a variable cancellation form, and later decide that you do not wish to cancel your variable participation, you may rescind your variable cancellation. However, to rescind your variable cancellation **the Department must receive your written request to rescind before the end of the year in which your variable cancellation was received by the Department.** Your variable cancellation becomes effective on December 31 of the year in which it is received, and once it becomes effective it can no longer be rescinded.

You can only rescind a variable cancellation in writing. There is no form to rescind a variable cancellation form; therefore, if you wish to rescind your variable cancellation you can send a letter to the Department stating that you wish to rescind the variable cancellation that you have submitted. Be sure to include your name, Social Security number and date of birth in your letter to assure that we can identify your WRS account.

SUBMITTING YOUR COMPLETED VARIABLE CANCELLATION FORM. You may submit your variable cancellation to the address at the top of the variable cancellation form. Do not submit this form to your employer.

FOR MORE INFORMATION

More detailed information about participation in the variable fund is available in a booklet entitled *How Participation in the Variable Trust Affects Your WRS Benefits*. You may also obtain additional information by contacting the Department at one of the following numbers:

Toll-Free:	(877) 533-5020 (608) 266-3285 (local Madison)
TTY	(Teletypewriter for the Hearing and Speech Impaired): (608) 267-0676
FAX #:	(608) 267-4549

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TYPE OR PRINT IN INK

YOUR NAME <i>Last</i> <i>First</i> <i>Middle I.</i> <i>Maiden</i>	Your Social Security Number
Address No. and Street	Your Birthdate (MM/DD/CCYY)
City State Zip Code	Your Weekday Telephone No. (<i>Include area code</i>)

Be sure to read the information about canceling your variable participation on the previous pages before completing this form.

You may select one of the following options for canceling your participation in the variable trust fund (check one box only):

- ☐ 1. I elect to cancel my participation in the variable trust fund for all future contributions only. I understand that all past contributions (and my annuities, if applicable) will remain in the variable trust fund.
- ☐ 2. I elect to cancel conditionally my participation in the variable trust fund. I understand this election will cancel all future variable contributions to my WRS account. Past variable contributions will be transferred or future variable annuity payments will become fixed payments only when the value of the variable portion equals or exceeds the amount I would have had if I had never participated in the variable trust fund.
- ☐ 3. I elect to cancel unconditionally my participation in the variable trust fund. I understand this election will cancel all future variable contributions and transfer past variable contributions from my active/inactive account(s) and/or transfer my future annuity payments to the fixed division.

MULTIPLE ACCOUNTS

IF YOU HAVE MULTIPLE ACCOUNTS BUT ONLY WANT THIS VARIABLE CANCELLATION TO APPLY TO SPECIFIC ACCOUNT(S), use this space to specify the WRS account(s) to which you want this cancellation to apply. See "MULTIPLE ACCOUNTS" section on the instructions before completing this section. If you do not specify a specific account to which this cancellation is to be applied, it will be applied to all of your variable accounts and/or annuities.

I understand that Wis. Stat. § 943.395 provide criminal penalties for making false or fraudulent claims on this form and hereby certify to the best of my knowledge and belief, the above information is true and correct. I have read and understand the information regarding the effects of canceling participation in the variable trust fund.

SIGN	Signature (Do not print)	Date Signed (MM/DD/CCYY)	DATE